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1952.

File No. O. Official Trustees/52

Legal Department-
A - BRANCH

p.2(E)

Subject:— Opinions under the Official Trustees Act, 1913.

File No. O. Official Trustees/52

Gen. 194 a.

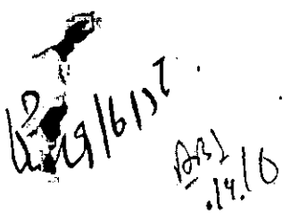
510-A

C O N T E N T S.

Legal Department File No. O. Official Trustees/88.

Sr. No.	R. L./O. No.	Subject	Pages.
		Opinions under the Official Trustees Act, 1913.	
1.	8102 [illegible]	Whether bonus shares are to be treated as income or an accretion to capital	1.

SVY
9.6.26.
S C.



When a Company declares a bonus or special dividend, the question whether it is to be treated as capital or income depends on the manner in which the Company has elected to treat it. Where the Company in fact retains the assets allocated to the bonus, the intention of the Company is to capitalise under the bonus ~~xxx~~ capital. (In Re Taylor & (1936) Ch. 923; I.R. Commissioners v. Wright (1926) 2 I. K.B. 885). Bonus shares issued under the authority of the usual Article providing the capitalisation have always been held to be capital and not income (In re Ezekiel Berton's Trust = 5 Eq. 238; Bouch v. Spreule = 12 App. Cas, 385; Jones v. Evans (1915) 1 Ch. 23; In re Ogilvie W.N. (1919) 32). The bonus shares referred to in the Examiner's letter at page 1 ante will therefore have to be treated as capital on which capital fees as prescribed in Part I of Schedule I to the Official Trustees (Bombay) Rules, 1922, will have to be charged.

Sd./-
15/5
Remembrancer of Legal Affairs.

U.R. to H.D., No. 8109; dated the 18th May, 1962.

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9.6.66.
4 c.